



NEWSLETTER

NORTH CAROLINA DISTRICT OFFICE

May 2006

Venture Capital Investing

The Council for Entrepreneurial Development annual Venture Capital results for 2005 is now available.

Here are some of the highlights:

- North Carolina companies raised more than \$530 million in venture capital investments in 2005, which represents a nearly 40% increase from 2004.
- North Carolina received its all-time highest national ranking (#8) in total venture capital investments in 2005.
- In 2005, North Carolina ranked third nationally in terms of total dollars raised by life science companies
- As a segment, North Carolina's later stage companies saw a significant year-over-year increase in overall dollars raised (79 percent more than 2004) and number of deals (67 percent more than 2004). As a result of this trend, North Carolina's average deal size increased from \$5.5 million in 2004 to \$8.99 million in 2005.

For the complete report go to:

http://www.cednc.org/resources/reports_and_surveys/vc_report/2005.pdf.

Live Webinars For Small Business Owners

Small business owners will be able to participate in a series of live interactive Webinars that will provide training on navigating the maze of federal contracting and other business essentials as if they are in a classroom setting. The Webinars will be conducted by the SBA and Strategic & Learning Services, Inc.

This is an opportunity for small business owners from around the country to attend training sessions on how to obtain and manage federal contracts and how to grow their small businesses. This effort is to ensure that small businesses have access to their fair share of contracting opportunities in the federal marketplace.

Webinar dates for 2006 are May 17, July 19, August 16 and September 13, 12 pm.

Clients planning to participate in the live Webinar, should visit www.sls-7j.net to register and click on the live web conference icon. The live seminar will be archived on SLS's Web site the day after the session for individuals who are not able to participate on the scheduled date. The maximum capacity for each session is 500. Individuals interested in participating are encouraged to join the Webinar 10 minutes prior to the session to avoid missing valuable information. During the Webinar, small businesses will be able to e-mail their questions directly to the SLS instructors and get immediate responses.

Some of the topics highlighted in the training courses:

- Strategies for obtaining and managing government contracts;
- Marketing
- Leveraging relationships
- Succession plans and exit strategies

For more information on how to receive federal contracting assistance from the SBA, visit www.sba.gov/gcbd.

Active Lender Rankings FY 2006 YTD: September 1, 2005 – April 30, 2006

	7(a)		504	504
Lender	Approvals	Gross 7(a) \$'s	Participation Loans	Participation \$'s
Bank of America	245	\$ 5,922,600		
Innovative Bank	191	\$ 2,335,000		
Business Lenders, LLC	84	\$ 5,836,500		
Capital One Federal	83	\$ 3,080,000		
BB&T	43	\$ 6,217,870	10	\$ 5,405,750
Self Help Credit Union	36	\$ 1,829,300		
Surrey Bank	35	\$ 4,446,000	1	\$ 2,225,000
Wachovia	35	\$ 15,849,200		
CIT	29	\$ 16,441,000		
Bank of Granite	22	\$ 3,130,120		
SunTrust	17	\$ 1,155,900	2	\$ 1,142,188

Certified Development Corps.		
Self-Help Ventures Fund	25	\$ 11,269,000
Centralina Dev.	20	\$ 13,571,000
BEFCO	17	\$ 5,875,000

Reminder: “Small Business Days” Schedule

The North Carolina District Office is offering “Small Business Days” at the following chambers. “Small Business Days” will offer chamber members and other small business owners the opportunity to discuss SBA loan programs with an SBA Marketing and Outreach Specialist. The Chamber will schedule the appointments for the business owners.

Location	Day	Hours	Phone Number
Cary	Third Wednesday	10 a.m.- 2 p.m.	919-467-1016
Charlotte	Fourth Tuesday	9 a.m. - 4 p.m.	704-344-6563
Gastonia	Second Tuesday	9 a.m. - 1 p.m.	704-864-2621
Greensboro	First Tuesday	10 a.m.- 2 p.m.	336-510-1234
Hendersonville	Third Friday	10 a.m.- 2 p.m.	828-692-1413
Hickory	Third Tuesday	10 a.m.- 2 p.m.	828-328-6000 x224
Mooreville	First Thursday	9 a.m. - 2 p.m.	704-664-3898
Salisbury	Fourth Wednesday	9:30 a.m. - 2 p.m.	704-633-4221

Cash Flow Basics

Cash flow is a problem that plagues every small business from time to time. On paper they look like they're doing very well. Sales are higher than expenses; things look like they should be making a profit. But creditors are breathing down their neck and they are always playing catch up. What can your clients do about it? Here are some tips to pass on to your clients to get them moving in the right direction.

Raise your prices

At the start of your business you have priced your products or services on the low side as a way to attract customers. Now, you have plenty of work coming in, but it may not be profitable. You find you have to work 80 hours a week to get the work done. Your costs for supplies or raw materials have increased, or you have expenses you hadn't planned on. If you are in a situation like this, and charging the same prices you did 4 or 5 years ago, raise your prices. You can't stay in business if you don't charge enough to pay your bills and make a profit.

Blame it on your accountant.

Some clients, particularly those who were your first clients, may get annoyed when you announce you are raising your prices. Instead of arguing about why you decided to increase your prices, sympathize with client and then attribute the decision to your accountant. Most professional advisors will be happy to go along with you, as long as you tell them ahead of time and as long as it sounds like something they'd really recommend.

Work on retainer.

One way to even out the irregularities in cash flow is to seek clients who will put you on retainer, paying you a guaranteed amount of money each month. Retainers are usually set up so that you guarantee you will set aside a specific number of hours to do work for a client each month. Lawyers and accountants use arrangements similar to this.

Watch check clearance times.

Money in the bank isn't money to spend, not immediately. Although the Check21 laws make it possible for banks to process checks faster, but the law does not require banks to release funds any faster than in the past. If your customers are out-of-state, your bank may hold deposits for up to 10 business days.

Accept credit cards to speed up cash flow.

Businesses and government agencies as well as consumers use credit cards to make a wide variety of purchases. Instead of waiting 30 days, 60 days, or more to collect payment from your customers, you can get paid in 2 or 3 days by asking them to pay you with a credit charge instead of having you bill them. An added bonus: speeding up cash flow can help you speed up payments to your creditors, which may lower or eliminate interest payments you make on your payables.

Shift your receivables to a finance company.

If your customers don't like to pay bills for your type of product or service with a credit card, or if the amount is too large for them to feel comfortable charging, look for finance companies that will offer loans to your customers. Again you get paid now

Get some or all of your money up-front.

When you are negotiating deals, plan to get at least a third of the money up front if you are working on a long time project. If possible, spread the remaining payments so you cover all your ongoing expenses for the project.

Check credit ratings before the sale.

The best ways to avoid collection problems after a sale is to make sure the customer is credit worthy before the sale. Take the time and spend the money to do credit checks on new customers.

Catch credit problems early.

Keep an eye on aging accounts from existing customers. Don't wait until they are 6 months behind in payment to try to collect. Send out late notices if you haven't received payment by the next billing cycle. If a company, who has normally paid on time, still doesn't pay, call to find out if there is any problem with their order or with the service you are providing. If they say no, ask when you can expect payment.

Community Express Workshops

If your clients need financing up to \$25,000, Innovative Bank and BLX will be conducting workshops throughout North Carolina in the coming months. The seminar schedules are posted on our calendar at www.sba.gov/nc. If you would like to host a workshop or need additional information, please contact Eileen Joyce, 704-344-6787.

Give Us Your Success Stories

We are looking for borrowers to participate in the SBA's SUCCESS STORY program. Do you know an SBA client that meets the criteria below? Would you like to showcase your organization on our website? The Success Story Database is a listing of small businesses that have received SBA assistance.

This list is used to provide information on these small firms to local and national media. These newspapers, radio and TV stations may use this information for profiles, special interest and other types of stories. The SBA also uses this list to highlight local firms while doing radio and TV interviews.

Success story firms should:

- Be in business for at least 3 years
- Show an increase in the number of employees or growth in revenues
- Provide examples of contributions to the community

Please call Mike Ernandes at 704-344-6588 or e-mail mike.ernandes@sba.gov with the name and contact information of any firms that you think might be interested in increased media opportunities.

Have You Viewed The SBA Training and Events Calendar?

Do your clients need to write a business plan? Learn how to advertise effectively? Need financing to start or expand their businesses? Our training calendar has workshops, classes, events and programs to meet your client's needs. New spring schedules will be starting. Have you surfed over lately?

Training Activities and Events

Let us help you promote your training activities and seminars. We can post them to our website calendar. Four weeks lead-time is required. E-mail updates to april.gonzalez@sba.gov or call (704) 344-6811.

Online Training

The North Carolina District Office offers SBA Programs and Services Training every Friday. From 9 to 10 a.m. and again at 12:30 to 1:30 p.m., an SBA District employee will provide live training through "Ready Talk" software. Your clients can call in and sign into the website for a live PowerPoint presentation.

SBA loan programs, counseling, and government contracting will be highlighted. This can be a useful tool for you to refer to your start-up clients. It can also be a refresher course for you and your fellow counselors.

Go to: www.sba.gov/nc/trainonline.html to register and for more information.

North Carolina Resource Guide

The new 2006 resource guide, co-sponsored by Reni Publishing and the SBA, is available online for you and your client. Go to: www.reni.net/guides and click on North Carolina. We have the new guides in limited supply.

Quote of the Month

You have to have your heart in the business and the business in your heart.

--Thomas J. Watson

Memorial Day Remembered

Memorial Day, originally called Decoration Day, is a day of remembrance for those who have died in our nation's service. In 1915, inspired by the poem "In Flanders Fields," Moina Michael replied with her own poem:

We cherish too, the Poppy red
That grows on fields where valor led,
It seems to signal to the skies
That blood of heroes never dies.

She then conceived of an idea to wear red poppies on Memorial Day in honor of those who died serving the nation during war. Remember our brave men and women in the Armed Forces.

